

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

OIC-04 AGR-20 STR-08 SS-20 NSC-10 L-03 H-03 PA-04

PRS-01 USIA-15 XMB-07 DRC-01 EURE-00 /228 W

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P R 261145Z OCT 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 931

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: OECD NOVEMBER 8-9 XCSS MEETING: INVESTMENT

REFS: A. STATE 208686

B. USOECD 27710

1. SUMMARY. SECRETARIAT IS PREPARING PAPER FOR XCSS AS BASIS FOR CONTINUING DISCUSSIONS HELD AT XCSS AND EXPERT LEVELS, AND FORESEES RECONVENING OF EXPERTS GROUP FOLLOWING XCSS MEETING NOV 8-9. SECRETARIAT PAPER WILL PUT FORWARD "FULL PROGRAM" OF OECD IN THIS FIELD. ACTION REQUESTED: SEE PARA 7 BELOW. END SUMMARY.

2. IN ABSENCE SECRETARY GENERAL, CHARGE GAVE US VIEWS ON XCSS EXERCISE ON INVESTMENT AND MULTINATIONAL ENTERPRISES TO ASSISTANT SECRETARY GENERAL ABRAMOWSKI OCT 22. CHARGE ALSO HANDED HIM TEXT OF TENTATIVE US THINKING ON POSSIBLE GUIDELINES FROM PARAS 5(K) (1) THROUGH (7) OF REF A. (DISCUSSION OF XCSS AGRICULTURE WHICH TOOK PLACE AT SAME MEETING IS REPORTED REF B.)

3. ABRAMOWSKI SPOKE OF SEC GEN'S PAPER AS PUTTING FORWARD "FULL PROGRAM" FOR OECD WORK IN THIS AREA. WE TOOK THIS AS MEANING WORK OF OTHER COMMITTEES ON MULTINATIONAL ENTERPRISES WOULD BE MORE CLOSELY LINKED TO XCSS, IN ACCORDANCE APPARENT US WISHES EXPRESSED IN REF A PARA 5(L), AND ENCOURAGED ABRAMOWSKI ALONG THESE LINES. IN FURTHER RESPONSE, ABRAMOWSKI REITERATED NEED TO COORDINATE BUT ADDED THAT XCSS WILL NOT ITSELF BE IN A POSITION TO "PUSH" OTHER BODIES OF OECD.

4. ABRAMOWSKI ENVISAGES WORK PROCEEDING ALONG FOUR LINES: (A) RESPONSIBILITIES OF HOST COUNTRIES, SUCH AS NATIONAL TREATMENT; (B) RESPONSIBILITIES OF COUNTRIES OF ORIGIN; (C) RESPONSIBILITIES OF ENTERPRISES, WHICH
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WOULD BE BALANCED BY RESPONSIBILITIES OF GOVERNMENTS; AND (D) DISCUSSION AND CONSULTATION PROCEDURE. ON (D) HE IS CONSIDERING SINGLE MECHANISM, WHICH WOULD, HOWEVER, BE LINKED TO EXISTING CONSULTATION MECHANISMS AS FOR OECD CODES.

5. ABRAMOWSKI RAISED QUESTION OF WHETHER LDC HOST GOVERNMENT OBLIGATIONS SHOULD BE TOUCHED ON IN XCSS

EXERCISE. HE FELT IT WOULD BE UNDESIREABLE TO RAISE THIS SUBJECT IN DEVELOPMENT COOPERATION CONTEXT.

6. ABRAMOWSKI SAID SEC GEN'S NOTE TO BE PRESENTED TO NOV 8-9 XCSS MEETING WOULD BE FOLLOW-ON TO PREVIOUS XCSS DISCUSSIONS AND TO MEETING OF EXPERTS GROUP OCT 16-17. HE FORESAW FURTHER MEETINGS OF EXPERTS GROUP FOLLOWING XCSS MEETING. HE WAS CLEARLY PLEASED BY EXPERIENCE AT FIRST EXPERTS MEETING, WHICH, HE SAID, SHOWED THAT EXPERTS OF AT LEAST SOME COUNTRIES (THOSE THAT TOOK ACTIVE PART IN DISCUSSIONS) WERE CAPABLE OF DEALING WITH BROAD INVESTMENT ISSUES.

7. WE GAVE TEXT ON SUGGESTED GUIDELINES TO ABRAMOWSKI IN HOPES HE WOULD ACT TO FOCUS ATTENTION OF XCSS ON THIS AREA, WHICH LEFT IN HIGHLY UNRESOLVED STATE AT END EXPERTS MEETING. IT IS NOT AT ALL CERTAIN THAT SEC GEN WILL FEEL HE CAN MOVE IN THIS DIRECTION AS CLEARLY AS WE WOULD WISH, IN FACE OF OBVIOUS RELUCTANCE OF MANY MEMBER GOVERNMENTS. TEXT FROM REF A ABOUT OUR TENTATIVE THINKING ON POSSIBLE GUIDELINES MIGHT BE GIVEN TO SECRETARIAT FOR DISTRIBUTION AND/OR DIRECTLY TO MEMBER GOVERNMENTS AND EC COMMISSION, WITH ADDITION SUITABLE CAVEATS IF IT REMAINS UNCERTAIN THAT THESE IDEAS WILL BE REFLECTED PRECISELY IN US PRESENTATION TO XCSS REFERRED TO IN FIRST SENTENCE PARA 5(K) OF REF A. SOME THOUGHT BEING GIVEN IN SECRETARIAT TO POSSIBILITY THAT, IN VIEW LACK OF AGREEMENT AMONG GOVERNMENTS ON PRINCIPLE OF NEUTRALITY, IT MAY BE PREFERABLE TO POSTPONE SEARCH FOR GUIDELINES ON DISTORTION-NEUTRALITY ISSUE. CONSULTATIONS COULD BE PROVIDED FOR, HOWEVER, AND INITIALLY COULD PROCEED, WITHOUT PREVIOUSLY AGREED GUIDELINES, WHENEVER ANY GOVERNMENT FELT DISTORTION OCCURRING. THIS MIGHT HAVE LIMITED OFFICIAL USE

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MERIT OF AFFORDING COUNTRIES SOME INITIAL PROTECTION WHILE GIVING ALL MEMBER GOVERNMENTS, INCLUDING US, OPPORTUNITY FOR FURTHER REFLECTION ON UNDERLYING PROBLEMS.

8. IT WOULD ALSO BE USEFUL FOR SECRETARIAT AND GOVERNMENTS TO KNOW MORE CLEARLY HOW US FEELS WORK OF OTHER OECD COMMITTEES ON MULTINATIONAL ENTERPRISES SHOULD BE INTEGRATED INTO XCSS INVESTMENT EXERCISE (REFTEL, PARA 5(L)). WE WOULD SUGGEST, HOWEVER, THAT IS THIS IDEA IS PRESENTED IT BE MADE CLEAR (A) THAT US IS GENUINELY INTERESTED IN ADDRESSING CONCERNS REGARDING MULTINATIONAL ENTERPRISES AS SUCH IN OECD, (B) WHETHER WE ARE FOR THIS PURPOSE DEFINING INVESTMENT AS INCLUDING NON-FINANCIAL ASPECTS OF MULTINATIONAL ENTERPRISE OPERATIONS, AND (C) THAT WE RECOGNIZE THAT COUNCIL,

RATHER THAN XCSS, MUST GIVE APPROPRIATE INSTRUCTIONS TO
OTHER COMMITTEES TO ACHIEVE DESIRED INTEGRATION. THIS
LAST POINT IS OF PARTICULAR IMPORTANCE TO FRENCH.
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